

EXECUTIVE SECRETARIAT**Routing Slip**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
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15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	NIO/ECON		✓		
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SUSPENSE _____ Date _____

Remarks:

ABC
Executive Secretary
11/5/82
Date

3637 (10-81)

Not referred to DOC. Waiver
applies.

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

November 3, 1982

CONFIDENTIAL

(ATTACHMENT)

MEMORANDUM FOR THE PRESIDENT

FROM: William E. Brock

I have prepared an assessment of the current trade environment and a proposed U.S. trade strategy for dealing with the challenges ahead.

A combination of economic developments are creating tremendous protectionist pressures. The major source of the difficulties is the economic recession, both in the United States and around the world, compounded by the world financial crisis. This has pushed a number of developing countries into new protectionist measures. Worse, the sharp appreciation of the dollar has reduced our exports, increased our imports, and will lead to a major deterioration of our trade balance in the months ahead. We are also seeing longer term structural adjustment problems, such as the continuing, and necessary, introduction of more labor saving capital equipment, the growing competitiveness of Japan and the advanced developing countries, and the introduction of more energy saving materials and products.

There is little prospect for relief from these economic pressures over the next few years. I see no way that we will be able to avoid a protectionist response from the Congress unless we can present to them a well thought-out program that directly addresses these issues. Other countries who do not share our well founded reluctance to intervene in the economy, are increasingly taking actions that protect their narrow national interest - to our disadvantage.

We must have a strong, aggressive, and positive trade strategy, involving both negotiations and appropriate domestic measures, that will convince the Congress that we will do what we must to assure that the United States remains competitive in the world market.

Many of these proposals are very contentious and will cause a great deal of debate. Even so, I believe that the questions posed have to be faced, and quickly, lest we enter 1983 with the prospect of a solid recovery jeopardized by consistent protectionist action in a rebellious Congress.

Attachment

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(ATTACHMENT)

Not referred to DOC. Waiver
applies.



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U.S. TRADE STRATEGY

November 3, 1982

ORIGINAL CL BY *John E. Montgomery*

☐ DECL ☐ REVW ON

OKD USTR

EXT BYND 6 YEARS BY

REASON

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